EXHIBIT 5

Market Reactions to Restatements by Provident

EXHIBIT 5A

Provident Financial Group, Inc. Announces RestatementOf Operating Results for Years 1997 through 2002

Wednesday, March 5, 2003 07:31 AM ET

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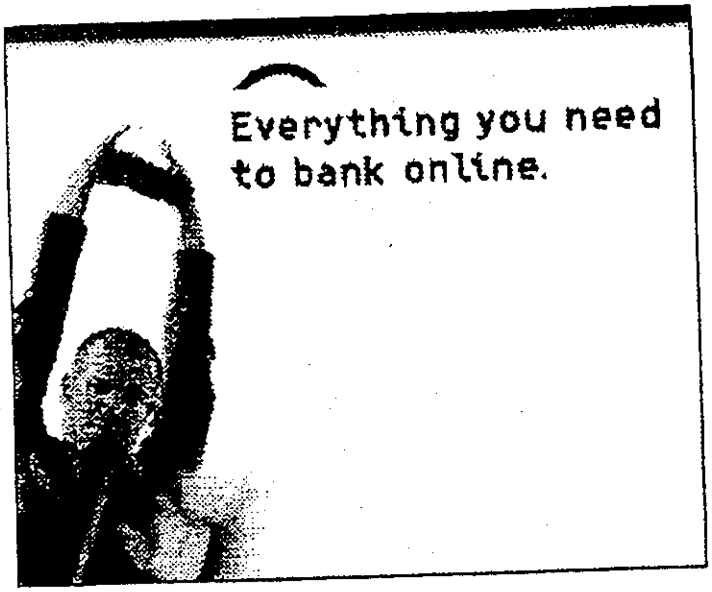
CINCINNATI, March 5 /PRNewswire-FirstCall/ -- Provident Financial Group, Inc. announced today a restatement to its operating results for the years 1997 through 2002.

The restatement of previously reported operating results is attributed to errors in the accounting for nine auto lease financing transactions originated between 1997 and 1999.

The errors that existed in the accounting for these transactions were first discovered by the company's finance staff in connection with the testing and installation of a financial model that identified differences in income that was originally recorded, compared with the income generated by the financial model. The company then notified its independent auditors and bank regulators and has reported all relevant information to its board of directors and audit committee. The company has been working closely with its independent auditors since the accounting errors were first discovered.



A review of the accounting for the nine transactions also concluded that none of the transactions should have been reported off-balance sheet as a sale and lease back of operating leases. The appropriate accounting was to report the transactions as financing leases with all assets and related liabilities included on the balance sheet. As a result, the company will also be restating its balance sheets for the years 1997 through 2002 to include the nine auto lease financing transactions.

Christopher J. Carey, Executive Vice President and Chief Financial Officer of Provident, stated, "The restatement announced today is attributable solely to errors in the accounting for the nine auto lease transactions that were originated between 1997 and 1999. All auto lease transactions originated beginning in 2000 and thereafter were structured and treated as financing leases and have been included on our balance sheet. We also reviewed the accounting for each of the subsequent transactions and concluded that they were accounted for correctly."

The previously announced earnings per share outlook for 2003 was between $2.50 and $2.70. As a result of the evaluation of the estimated impact of the auto lease financing transactions, the revised earnings per share outlook is between $2.30 and $2.50. The company's expectation is that the impact of this matter will be significantly less in 2004 and in future years.

The chart below shows as reported and restated net income and diluted earnings per share for the years 1997 through 2002.

Net Income & Diluted Earnings Per Share

($ in millions, except per share data)

	Year Ended December 31, 2002	2001	2000	1999	1998	1997
As Reported						
Net Income	$119.4	$23.3	$73.6	$150.9	$122.4	$114.7
Earnings Per Share	$2.35	$0.45	$1.46	$3.08	$2.48	$2.38
Restated						
Net Income	$99.3	$3.2	$57.7	$139.6	$120.4	$113.8
Earnings Per Share	$1.96	$0.07	$1.15	$2.85	$2.44	$2.36
Variance						
Net Income	$(20.1)	$(20.1)	$(15.9)	$(11.3)	$(2.0)	$(0.9)
Earnings Per Share	$(0.39)	$(0.40)	$(0.31)	$(0.23)	$(0.04)	$(0.02)

The chart below shows as reported and restated end of period assets for the years 1997 through 2002.

End of Period Assets

($ in millions)

	Year Ended December 31, 2002	2001	2000	1999	1998	1997
As Reported						
Total Assets	$16,721.2	$15,573.6	$13,857.4	$10,537.9	$8,949.7	$7,946.6
Restated						
Total Assets	$17,534.4	$16,540.0	$14,982.5	$11,821.1	$9,581.4	$8,269.4
Variance						
Total Assets	$813.2	$966.4	$1,125.1	$1,283.2	$631.7	$322.8

The total risk based capital ratio at December 31, 2002 on a restated basis was 11.69% compared with the originally reported 12.17%.

Forward-Looking Statements

This news release contains certain forward-looking statements that are subject to numerous assumptions, risks or uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Actual results could differ materially from those contained in or implied by such forward-looking statements for a variety of factors including: sharp and/or rapid changes in interest rates; significant changes in the anticipated economic scenario which could materially change anticipated credit quality trends; the ability to generate loans and leases; significant cost, delay in, or inability to execute

[str]ategic initiatives designed to grow revenues and/or manage expenses; consummation of significant [b]usiness combinations or divestitures; and significant changes in accounting, tax, or regulatory practices or requirements and factors noted in connection with forward-looking statements. Additionally, borrowers could [suff]er unanticipated losses without regard to general economic conditions. The result of these and other [fact]ors could cause differences from expectations in the level of defaults, changes in the risk characteristics of the loan and lease portfolio, and changes in the provision for loan and lease losses. Forward- looking statements speak only as of the date made. Provident undertakes no obligations to update any forward-looking statements to reflect events or circumstances arising after the date on which they are made.

About Provident Financial Group, Inc.

Provident Financial Group, Inc. (Nasdaq: PFGI, news) is a bank holding company located in Cincinnati, Ohio. Its main subsidiary, The Provident Bank, provides a diverse line of banking and financial products and services regionally; selected business activities are also conducted nationally. Consumer, small business, and investment products and services are offered through a network of retail financial centers located primarily within Southwestern Ohio and Northern Kentucky. Provident also has a growing presence on the West Coast of Florida with 13 retail financial centers. Commercial banking products and services are offered through nine regional offices. Customers have access to banking services 24-hours a day through Provident's extensive network of ATMs, Telebank, a telephone customer service center, and the Internet at http://www.providentbank.com. At December 31, 2002, Provident Financial Group had $11.3 billion in loans outstanding, $9.8 billion in deposits, and assets of $17.5 billion. Provident has served the financial needs of its customers for 100 years, and currently 3,400 Provident associates serve approximately 600,000 customers. Provident Financial Group's common stock trades on the Nasdaq Stock Market under the symbol PFGI.

Conference Call

A conference call will be held today (Wednesday, March 5, 2003) at 11:00 a.m. (ET) to discuss the contents [of] this news release. The call can be accessed by calling 1-877-818-4511. A replay of the call will be available through Monday, March 10, 2003 by calling 1-800-642-1687 (passcode 131 20).

For further information, please contact:

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SOURCE Provident Financial Group, Inc.

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EXHIBIT 5B

AMERICAN BANKER ONLINE
THE FINANCIAL SERVICES RESOURCE

Provident's Turnaround Dealt Major Setback

From: American Banker

Thursday, March 06, 2003
By Laura Mandaro

After years of retrenching from credit quality woes, **Provident** Financial Group Inc. was finally beginning to win back interest from investors.

Over the last two years it has been repositioning itself as a more local, back-to-basics banking company, cutting back on some lending lines that ate into earnings. By the end of last year it had dramatically reduced its portfolios of nationally syndicated cash-flow loans, aircraft leasing, and subprime mortgages.

But any momentum it might have enjoyed was erased on Wednesday, when it said it would restate operating results for the last six years and lower its outlook for 2003 earnings by 20 cents because of an error in accounting for auto lease financing transactions.

The $16 billion-asset Cincinnati banking company said it has slashed net income by a total of $70.3 million and increased assets on its balance sheet beginning in 1997. Earnings per share for this year are projected to be between $2.30 and $2.50, versus the previous guidance of $2.50 to $2.70.

The trouble started in 1997, when employees entered a lower-than-actual expense figure for the first lease transaction, which involved pools of consumer auto leases that were securitized to lower **Provident's** financing costs. That error was repeated for eight subsequent transactions between 1997 and 1999.

Provident's outside auditor, Ernst & Young, informed it that it would have to restate income after having a leasing expert review the matter. Ernst & Young concluded that the transactions should not have been recorded as off-balance-sheet items, but rather brought onto the balance sheet.

"We were feeling very good about where we were heading until we hit this very big bump in the road," Chris Carey, **Provident's** chief financial officer, said in an interview. "We were proactive about internal controls we made; that's why this was so disappointing. But we'll redouble our efforts there."

Employees unearthed the mistake in mid-February as they were updating an amortization model used to compare actual income from large pools of auto leases with those generated by the computer model. Income from auto leasing, a low-return business that **Provident** had started to unwind in 2001, seemed too high.

"We knew the business wasn't super-profitable, and it looked like it was more profitable than it should be," Mr. Carey said.

Moody's Investors Service Inc. said it had put **Provident's** long-term debt on watch for a possible downgrade. Its long-term senior debt is currently rated Baa3. Standard & Poor's Corp. has cut **Provident's** rating, to BB-plus from BBB-minus.

Analysts said they were surprised by the effect the restatement would have on this year's earnings and pointed out that **Provident** still has to work out credit quality issues.

"The turnaround issue is still related to credit," said Fred Cummings, an analyst at KeyCorp's McDonald Investments. "This does question its ability to survive longer-term."

Like many of its regional peers, in the 1990s **Provident** had expanded into several national high-yielding

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businesses that targeted customers well outside its branch network in Cincinnati and Florida. When the recession picked up speed in 2000, it started to struggle with mounting problem loans in its syndicated lending portfolio.

Recently, it was talking about putting its worst credit quality problems behind it. In the third and fourth quarters net chargeoffs dropped from the linked-quarter and year-earlier levels. The provision for loan losses fell 53% from the previous year, to $106 million. By the end of 2002 its portfolio of nationally syndicated cash-flow loans had been trimmed 35.8% from a year earlier, to $452 million. Over the same period its aircraft-leasing portfolio was cut by 26.1%, to $178 million, and its subprime mortgage portfolio was reduced by 35%, to $600 million.

Still, **Provident's** nonperforming assets -- 1.73% of total loans, leases, and other nonperforming assets in the fourth quarter -- were one reason that Fitch Inc. downgraded its outlook to negative in January.

It posted earnings of $119 million last year -- more than five times its 2001 earnings, which included losses in the last six months. At that time investors started taking note. The shares had inched up 9% from the end of 2001 through Tuesday, a period that included the steep October drop in the Nasdaq, where **Provident** trades.

Analysts started to perk up as well. Before the earnings restatement, three analysts covering it had rated the stock a "buy," the highest on Thomson Financial/First Call's three-point scale. James Schutz, an analyst at Stephens Inc., included it in its top four community bank picks for the year.

But the Wednesday announcement again sent **Provident's** stock reeling. It fell 20%, to $22.46 a share, on volume of 5.4 million, or 33 times more than normal.

"We accept this as a blow to our credibility and we deeply regret it happening," Robert L. Hoverson, its chief executive and president, said in a conference call Wednesday. "This sets us back, but the company's growth prospects remain solid."

Provident's asset total at the end of last year increased by about $813 million after the restated results moved the lease transactions back on to the balance sheet. (Starting in 2000, it started to record new transactions on the balance sheet.)

Financial firms have been coming to grips with a recent accounting standards change that gives new guidance on when to consider something an off-balance-sheet item. Mr. Carey said **Provident** had previously expected some part of those nine transactions would have to come on the balance sheet because of the rule change.

The change affects 2003 earnings expectations, because "our forecast included faulty accounting," Mr. Carey said in a conference call Wednesday.

Provident said it expects to publish a formal restatement of earnings when it releases its 10-K securities filing, due by March 31.

EXHIBIT 5 C

Provident Restatement Not Emblematic Of Industry Problem

By Chad Bray and Cheryl Winokur Munk, Of Dow Jones Newswires

NEW YORK (Dow Jones)--Provident Financial Group Inc.'s (PFGI) announced restatement of financial results isn't seen as causing a ripple effect throughout the banking industry.

The Cincinnati bank holding company said Wednesday that it was restating operating results for 1997 through 2002 and lowering its guidance for 2003. The company attributed its restatement to errors in the accounting for nine auto-lease financing transactions originated between 1997 and 1999.

"This is clearly something that is specific to Provident," said Wilson Smith, an analyst with Cohen Bros. & Co.

"It's very company-specific," added James Schutz, an analyst with Stephens Inc.

Neither analyst owns shares of Provident, nor do their respective firms have an investment banking relationship with the company.

Even so, there's always the chance that more banks will restate past earnings, given the added attention accounting issues have received in the wake of high- profile scandals such as Enron Corp., (ENRNQ) and Worldcom Inc. (WCOEQ).

Because of the additional focus, Robert Lacoursiere, an analyst with Lehman Brothers, said it wouldn't surprise him to "see more errors discovered" with respect to accounting at other banks "only because of the general increased scrutiny on accounting. In a soft economic environment, I think people are going to be going back and making sure they dotted all the Is and crossed the Ts," he said.

He doesn't own shares, but Lehman makes a market in the stock and has an investment banking relationship with Provident.

On a conference call Wednesday, executives said the auto-lease financing transactions involved pools of consumer leases that were securitized, which reduced Provident's finance costs.

The financing transactions have six-year terms that can be extended up to two years. Executives expect the transactions will be begin running off their books this year.

The transactions were accounted for off of Provident's balance sheet. Executives said they should have been accounted for as financing leases with all assets and related liabilities on balance sheet.

Members of the finance staff discovered the errors in February midway through the first quarter and after the company reported year-end results.

As a result, Provident was forced to restate its results for 1997 to 2002. It also lowered its 2003 earnings to a range of $2.30 a share to $2.50 a share, down from previous guidance of $2.50 a share to $2.70 a share.

"We accept this as a blow to our credibility," said Robert L. Hoverson, Provident's president and chief executive, on the conference call Wednesday. " It's a serious issue. It's a step backward. We deeply regret it happening. We apologize. The company is still solid and it's got a good future ahead of it."

Hoverson said the company is conducting a review of its internal controls to assure necessary transparency and protections are in place. However, Provident is confident there are no other transactions similar to the improperly booked auto-lease financing deals, he said.

Schutz of Stephens called the error unintentional and said he believes the company handled the situation properly. After discovering the error, it notified its independent auditors and bank regulators and has reported the relevant information to its board and audit committee.

"As far as I'm concerned, they did all the right things," Schutz said. Indeed, the company's stock price has already recovered a bit from its earlier intraday low of $19.90. It traded recently down $5.07, or 18.1%, at $23.

Schutz said he thinks it will take time for the stock price to recover, but that it will happen.

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-Cheryl Winokur Munk; Dow Jones Newswires; 201-938-2123; cheryl.munk@ dowjones.com

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03-05-031334ET

EXHIBIT 5 D

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Provident Financial to Restate Profits for 6 Years, Cuts Outlook

By JOSEPH T. HALLINAN

Shares of Cincinnati-based Provident Financial Group Inc. plunged yesterday after the bank holding company disclosed that it had improperly accounted for certain lease transactions and therefore had to restate annual profits for six years and cut its per-share earnings forecast for 2003.

Provident President and Chief Executive Robert L. Hoverson apologized for the errors, which he called "a blow to our credibility." But he assured investors on a conference call that the mistakes were unintentional and were made "due to an improper understanding of the transaction." He said, nevertheless, that the company's growth prospects "remain solid."

Provident shares initially fell as much as 26% on the news, but recovered some of that loss during the day. As of 4 p.m., Provident was at $22.46, down 20%, or $5.61.

The company said it made essentially two errors: It booked the auto-lease transactions off its balance sheet when they should have been reflected on the balance sheet, and it "over-recognized" income in the early years of the transactions.

Noting that the errors were discovered last month by its finance staff during the testing and installation of computer models that made financial projections, Provident said it immediately notified bank regulators and its independent auditors. It said it has given "all relevant information" to its board and audit committee.

Ernst & Young, Provident's independent auditors, couldn't immediately be reached for comment.

The company said the restatement is attributable solely to nine auto-lease transactions, initially valued at $1.4 billion, that were originated between 1997 and 1999. The transactions deal with pools of car leases originated by Provident and subsequently sold to a third party.

Initially, the nine transactions were reported off Provident's balance sheet as a sale and lease-back of operating leases. But after a review, the company determined that none of the transactions should have been recorded that way. Instead, they should have been recorded as financing leases, with all assets and liabilities appearing on the company's balance sheet. (All auto-lease transactions originated since 2000 have been accounted for in this manner.)

As a result of the restatement, Provident said it reduced net income for the period 1997 through 2002 by $70.3 million, or nearly 12%, to $534 million from $604.3 million.

The company also said it was reducing its forecast of 2003 per-share earnings to $2.30 to $2.50 a share from a previous projection of $2.50 to $2.70. The impact of the change in accounting should be "significantly less" in 2004 and beyond.

Provident has about 600,000 customers and maintains branches in southwestern Ohio, northern Kentucky and western Florida. A controlling interest in the bank is held by Cincinnati's Lindner family, which controls approximately 40% of Provident's stock.

Conseco to Sell Finance Division For $1.01 Billion

By JOSEPH T. HALLINAN And KATHRYN KRANHOLD

Conseco Inc., which five years ago paid $6.44 billion for its finance unit, reached a tentative agreement to sell the division for $1.01 billion as part of its attempt to emerge from bankruptcy-court protection.

As expected, most of the finance unit will be sold to a consortium of investors known as CFN Investment Holdings LLC. CFN will pay about $700 million for the assets, in addition to assuming liabilities of about $200 million.

A spokesman for CFN said as part of the deal it agreed to allow Conseco to sell the remainder of the unit, essentially consisting of Conseco's private-label credit-card, home-improvement and consumer-installment businesses. Conseco last year renamed those operations, giving them the "Mill Creek" brand name. Conseco has done this, striking a deal with GE Consumer Finance, a unit of General Electric Co., Fairfield, Conn. for $310 million. If, for whatever reason, the GE deal fails, CFN would buy the entire finance company for $970 million, according to the spokesman.

The deal, which capped a two-day marathon auction, must be approved by the bankruptcy court in Chicago. A Conseco spokesman said a hearing on the matter had been set for tomorrow. Mary Beth Schwartz, a spokeswoman for Conseco Finance, emphasized that the deal was tentative. "There are still a lot of details to be worked out," she said.

CFN is a joint venture of Fortress Investment Group LLC, J.C. Flowers & Co. and Cerberus Capital Management LP. The group had struck an agreement in ... ciple with Conseco's finance unit in De... ber to acquire all of the unit's assets an... erations, subject to certain condition...

Conseco, based in Carmel, Ind., ... for bankruptcy-court protection in ... cember. The once high-flying insur... and finance company has struggled ... since its 1998 acquisition of Green ... Financial Corp., a mobile-home l... based in St. Paul, Minn. Conseco ... $6.44 billion in stock for Green Tree ... the mobile-home lending business ... soured, saddling the company with ... ing numbers of bad loans that ... push the company into bankruptcy ...

> For General Electri... the deal would expa... its U.S. sales-finan... business.

For GE, the $310 million acquisiti... approved, will greatly expand its U.S. finance business where it underwrit... financing of big-ticket items su... couches, motorcycles and kitchen ... ances. Under the Mill Creek Bank n... tion, the financing assets of the G... will jump by more than 50%, to $6.4 b... The purchase will allow the GE ope... to move into underwriting home-im... ment items, such as pools and spas. ... expand its financing of sporting ... ment, such as jet skis and motorcy...

Mark Begor, chief executive and ... dent of GE's consumer finance busin... the Americas, said GE has been look... the Conseco business since before it ... for bankruptcy protection. "It's an ex... acquisition for us," he said. "This i... step of what we hope will be several ... as we broaden our business in the ...

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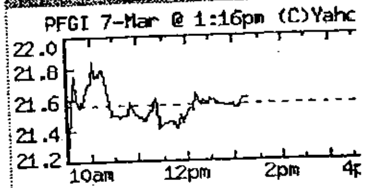

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Dow Jones Business News

Provident's Restatement One For The Record Books

Wednesday March 5, 7:30 pm ET

By Karen Talley, Of DOW JONES NEWSWIRES

NEW YORK (Dow Jones)--Provident Financial Group Inc.'s earnings restatement is one for the record books - its six years worth of revisions is the longest continuous string of amendments in memory for a U.S. company. But if history is any indication, Provident's problems are only just beginning.

The company's stock lost 20% on Wednesday, the day of the announcement by the Cincinnati banking company, but a study from New York University's Stern School of Business finds that the stocks of companies that announce restatements drop for three straight sessions on average.

"Earnings restatements rewrite a company's history," generally in an unflattering way, said Min Wu of NYU's Department of Accounting, Taxation and Business Law, who conducted the study in conjunction with Softrax, whose software helps companies tally revenue.

When companies restate earnings, and particularly when that's accompanied by a warning about future earnings - as was the case with Provident - there are usually reverberations, Wu said. "Analysts' downgrades, class-action lawsuits and management shuffles are not uncommon and they cast a shadow over the firms, quite often for a long time."

But Provident launched a quick offensive in an effort to restore its credibility, said Christopher Carey, the company's executive vice president and chief financial officer.

"We acted as soon as we found out and have been talking to people all day emphasizing this was totally inadvertent on our part and would never had been done if we had known differently," Carey told Dow Jones Newswires."At some point we expect to go out and tell people face-to-face exactly why it happened and exactly why

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- Law Offices of Brian M. Felgoise, P.C. Announces Class Action Lawsuit Against Provident Financial Group, Inc - Business Wire (11:15 am)
- Levy and Levy, P.C. Announces Class Action Filed Against Provident Financial Group Inc. - PR Newswire (10:37 am
- Law Offices Of Charles J. Piven, P.A. Announces Class Action Lawsuit Against Provident Financial Group, Inc -- PFGI - PrimeZone Media Network (Thu Mar 6)
- Milberg Weiss Announces The Filing Of A Class Action Suit Against Provident Financial Group, Inc., Robert L. Hoverson and Christopher J. Carey - Business Wire (Thu Mar 6)

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it won't happen again."

But he acknowledged Provident "has certainly experienced a big setback."

Provident has plenty of company in revising its financial reports. Restatements appear as commonly today as increases in profit expectations did in the late 1990s. And restatements have spiked further since the Sarbanes-Oxley (News - Websites) Act was passed in July. The law calls for stringent reporting by companies and requires executives to certify results.

Consider how times have already changed. From 1994 through 1997, just 220 public companies restated earnings. Over the next four years - 1998 to 2001 - that number quadrupled to roughly 900, according to Wu's research. And this year there have already been dozens of restatements, with one of the most high- profile being Royal Ahold NV (AHO), which said last month it would restate $500 million of earnings going back two years.

But six years "is very, very unusual," said Joe Cooper of Thomson Financial/ First Call, who said he could not recall a longer string than the 24 quarters that Provident's move will encompass.

Provident "voluntarily" made its disclosure like three-fourths of companies do, according to Wu's research, and that can be a plus for retaining investor credibility. The bank holding company has since notified the Federal Reserve and the Securities and Exchange Commission (News - Websites) of the errors and said it expects to file its 10-K report, with the correct data, on time - another positive, Wu said.

Provident is also in the majority of companies that give the amount of the restatement on the day they announce the development, Wu said. The other one- third do not, with the data coming as soon as two days after and as late as one and a half years. The average is one to two months, she added.

Provident's restatement totaled $70.3 million over the six years, and the company said it was able to pin down the numbers immediately after recognizing the deals involved nine leases that were posted as off-balance-sheet transactions and shouldn't have been.

By keeping these transactions off the balance sheet, the company "gave the appearance it had more capital and higher income," said Wilson Smith, banking analyst at Cohen Brothers in Philadelphia. "That's something that could hang over their head for a while, but be mitigated by the proactive steps they're discussing."

-By Karen Talley; Dow Jones Newswires; 201-938-5106; karen.talley@dowjones.com

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52-wk Range 19.90 - 31.64	Bid Size 5,600	Ask Size 700	P/S N/A	Div/Shr 0.96	Div Date Feb 21
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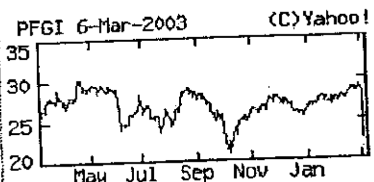

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New research reports for PFGI

Fri	11:15am	PFGI	Law Offices of Brian M. Felgoise, P.C. Announces Class Action Lawsuit Against Provident Financial Group, Inc. - Business Wire
Fri	10:37am	PFGI	Levy and Levy, P.C. Announces Class Action Filed Against Provident Financial Group Inc. - PR Newswire
Thu	7:31pm	PFGI	Law Offices Of Charles J. Piven, P.A. Announces Class Action Lawsuit Against Provident Financial Group, Inc. – PFGI - PrimeZone Media Network
Thu	7:01pm	PFGI	Milberg Weiss Announces The Filing Of A Class Action Suit Against Provident Financial Group, Inc., Robert L. Hoverson and Christopher J. Carey - Business Wire

Thu	6:09pm	PFGI	Shareholder Class Action Filed Against Provident Financial Group, Inc. By The Law Firm Of Schiffrin & Barroway, LLP -- PFGI - PrimeZone Media Network
Thu	4:46pm	PFGI	Cauley Geller Announces Class Action Lawsuit Against Provident Financial Group Inc. on Behalf of Investors - PR Newswire
Wed Mar	5	PFGI	Provident's Restatement One For The Record Books - Dow Jones Business News
Wed Mar	5	PFGI	After the Bell: ImClone Rises - Reuters
Wed Mar	5	PFGI	Provident Financial to Restate Earnings - Associated Press
Wed Mar	5	PFGI	[external] Dow a Late Riser - at SmartMoney.com

All headlines for: PFGI

Questions or Comments?

EXHIBIT 5 F

Friday, March 7, 2003

Provident error faulted

Expert: Decision made return on assets seem higher

By Jeff McKinney
The Cincinnati Enquirer

A decision to keep some accounting items off Provident Financial Group Inc.'s balance sheet could have stemmed from a desire to make the Cincinnati banking company's returns appear higher than they were, a banking expert said Thursday.

Doing that could have given the parent of Provident Bank the appearance of having a higher return on assets - a key banking profitability measure - than if the items had been included on the balance sheet, Chicago-based consultant Jay Taparia said.

His theory came a day after Provident said it would restate profits for the last six years. The bank said it overstated profits by $70 million since 1997 when it improperly accounted for nine auto-lease transactions.

The disclosure resulted in the bank's biggest single-day stock drop in 14 years, cost investors about $284 million on paper and raised many questions why the accounting method was initially used and took so long to be discovered. After closing down $5.61 Wednesday, the stock lost another 89 cents Thursday, closing at $21.57.

ABOUT PROVIDENT

Business: The parent of Provident Bank operates 78 branches in Ohio, Northern Kentucky and Florida, serving about 600,000 households. It has assets of about $16.7 billion.
Headquarters: Cincinnati
Chief executive: Robert L. Hoverson
Employees: 3,400
Ticker/market: PFGI/Nasdaq
Thursday's close: $21.57
52-week high/low: $31.35 (4/18); $21.48 (10/9)
Revenues (2002): $755 million, up from $699 million in 2001
Profits (2002): $119.4 million, $2.35 a share, up from $23.3 million, or 46 cents a share, in 2001

PROVIDENT FACTS

- Number of shares outstanding as of Dec. 31: About 50.7 million.
- Pays a quarterly dividend of 24 cents. The company said the dividend for 2003 will not be affected by the restatement of earnings.
- Has about 11,000 individual shareholders.
- About 32 percent of its

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The mistake was tied to nine auto-leasing transactions that occurred from 1997 to 1999. They were reported as off-balance-sheet transactions, but should been posted as financing leases with all assets and liabilities included on the balance sheet.

common stock owned by Carl Lindner and his family. American Financial Group, also controlled by Lindner's family, owns about 13 percent of Provident.
• Provident, with a market value of about $1.42 billion Tuesday, saw that amount slip to about $1.14 billion Wednesday, costing investors about $284 million on paper. That would mean that the Lindners and AFG lost about $127.8 million on paper Wednesday.

The error will force Provident to restate results from 1997 through 2002. It also cut the company's 2003 earnings forecast to between $2.30 and $2.50, down from the bank's earlier $2.50-to-$2.70 estimate.

Christopher Carey, Provident's chief financial officer, called Taparia's theory "one man's assessment." He said the overstatement was caused by a bad internal system that showed the transactions created more revenue than they actually did.

The errors were detected by Provident's finance staff in late February, a month after the bank reported a 2002 profit of $119.4 million.

Carey also said the errors were not initially discovered by Ernst & Young, Provident's auditor. He said Provident asked Ernst & Young to bring in its own leasing expert, after Provident's finance team detected the errors.

Carey said Provident was then told by the leasing expert that none of those transactions should have been accounted for as off-balance-sheet items.

Carey said the bottom line is that a decision was made by management at the time after consultation with Ernst & Young to keep them off the balance sheet. He said the bank's recent internal review determined that they should've remained on.

Efforts to get a comment from Joseph Steger, head of the audit committee for Provident's board, were unsuccessful. Officials from Ernst & Young, Provident's auditor, also declined comment.

Taparia, founder of Sanskar Investments, a Chicago money management consulting firm and professor of finance at the University of Illinois, said Provident essentially decided to use a proprietary model to determine whether to use the pool of auto loans as operating leases or capitalized leases.

"This company took on debt to finance the purchase of a (loan) pool" he said. "The interest expense is what reduced net income over the years."

He said that keeping the leases off the books could make the

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bank's return on assets appear higher.

"It can make a company look more valuable than its peers, which in turn could help boost the stock valuation," Taparia said.

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